

- One in 32 New Yorkers in Danger of Foreclosure - *Washington, D.C.* – U.S. Rep. John Hall (D-NY19) took action on Thursday to stabilize the growing housing crisis which has had a ripple effect through the American economy. Hall and the majority of his colleagues in the House voted to help families facing foreclosure keep their homes, help other families avoid foreclosures in the future, and assist the recovery of communities harmed by empty homes caught in foreclosure. The House passed both H.R. 3221, The American Housing Rescue and Foreclosure Prevention Act of 2008, and H.R. 5818, the Neighborhood Stabilization Act of 2008, with bipartisan support.

“The housing crisis is affecting everyone,” said Congressman Hall. “Families who lose their homes are hit directly and their neighbors soon see their own homes decline in value. Everyone pays when there are large numbers of foreclosures. This comprehensive package will help put the brakes on the housing crisis and avert a deeper decline in the overall economy.”

New York has been hit particularly hard by the housing crisis. There will be an estimated 124,601 foreclosures in the state this year and one in 32 New Yorkers is expected to face foreclosure. The ripple effects of foreclosures from 2005 and 2006 are projected to reduce the property values of more than half of New York homes by an average of \$18,000. The combined state and local tax base could lose \$65 billion. Thus far, over 3.5 million homes have been devalued as a consequence of foreclosures in their neighborhoods.

“Owning a home is the American dream, but thousands of New Yorkers are on the brink of losing their homes and becoming the next victims of the housing crisis,” said Hall. “Today’s plan passed by Congress is going to help struggling homeowners keep their homes, protect neighboring home values, and stabilize the market.”

The package will help homeowners in danger of foreclosure refinance into lower-cost government-insured mortgages they can afford to pay. The legislation raises the limits on low-interest Government Sponsored Enterprise (GSE) loans for single family homes from \$417,000 to \$729,750. This increase makes these affordable loans available in high-cost areas like the Hudson Valley. The new plan is open only to owner-occupied homes. Speculators, investors and second-home owners are not eligible.

The package includes a property tax break similar to legislation Congressman Hall originally cosponsored earlier this year. It provides taxpayers that claim the standard deduction on their federal taxes with up to \$700 in a standard deduction for property taxes in 2008. In addition, first-time homebuyers can receive a refundable tax credit that works like an interest-free loan of up to \$7,500 (to be paid back over 15 years) to spur home buying and stabilize the market.

The bill also increases the VA Home Loan limit for high-cost housing areas so that veterans have more home ownership opportunities. It helps returned soldiers avoid foreclosure by lengthening the time a lender must wait before starting foreclosure, from three months to one year after a soldier returns from service.

The Neighborhood Stabilization Act provides \$15 billion in loans and grants to states to acquire vacant, foreclosed homes. The legislation will allow local communities to rehabilitate foreclosed

properties, which currently drive down surrounding property values, and place these homes back on the market.

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